

Penalty for underpayment of interns

16 February 2016

The former operator of a Melbourne marketing company has been penalised \$17,500 over her involvement in the underpayment of three former interns.

The Federal Circuit Court has imposed the penalty against Naomi-Jayne Aldred, who previously owned and operated the Cheltenham-based Nexus Coaching Group Pty Ltd before it went into liquidation in 2013.

It follows legal action initiated by the Fair Work Ombudsman after it found that the three interns worked for free for three months after being recruited in mid-2012.

Ms Aldred rectified an underpayment of almost \$10,200 in August, 2014, after legal proceedings had commenced.

Handing down his decision, Judge Grant Riethmuller found that Ms Aldred had taken advantage of young graduates in an industry where employment was difficult to obtain.

Judge Riethmuller described claims made in letters offering employment that the terms being proposed were in accord with the National Employment Standards as “brazen”, as they were “simply false”.

“The effect of these letters, at best was misleading and deceptive if one accepts that the respondent was unaware that she was breaching the laws, if not completely reckless, and at worse formed part of a calculated and carefully executed fraud upon these three young women.”

Judge Riethmuller quoted from *FWO v Croc Media Pty Ltd (2015) FCCA 140* in relation to unpaid internships, noting: “Such arrangements do not just undermine the integrity of labour standards ... they potentially erect barriers to entry to the labour market, or selected portions of it, for those who do not have the means to spend lengthy periods of time in unpaid work.”

Fair Work Ombudsman Natalie James says the Court’s decision is a warning to employers considering unpaid work schemes as a source of free labour.

“The Fair Work Ombudsman is committed to protecting vulnerable young workers as they enter the workforce and will take action in cases of serious non-compliance,” she said.

Ms James says her Agency is working hard to build a culture of compliance with workplace laws and ensure a level playing field for employers who are doing the right thing and meeting their workplace obligations.

Information on unpaid work and internships is available at www.fairwork.gov.au/pay/unpaid-work

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Media inquiries:

Lara O’Toole, Media Adviser

Mobile: 0439 835 855

lara.otoole@fwo.gov.au (<mailto:lara.otoole@fwo.gov.au>)

Contact us

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